



Department of Justice

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**BANKATLANTIC ENTERS INTO DEFERRED PROSECUTION AGREEMENT,
FOREITS \$10 MILLION TO RESOLVE MONEY LAUNDERING AND
BANK SECRECY ACT VIOLATIONS**

WASHINGTON, D.C. – Fort Lauderdale, Florida-based BankAtlantic has entered into a deferred prosecution agreement with the government and will forfeit \$10 million to resolve charges of failing to maintain an anti-money laundering program, the Department of Justice announced today.

A criminal information filed today at U.S. District Court for the Southern District of Florida in Fort Lauderdale charges BankAtlantic with one count of failing to maintain an anti-money laundering program. BankAtlantic waived indictment, agreed to the filing of the information, and accepted and acknowledged responsibility for its behavior in a factual statement accompanying the information.

As part of the agreement, BankAtlantic will forfeit \$10 million to the United States to settle any and all civil claims held by the government. In light of the bank's remedial actions to date and its willingness to accept responsibility for its actions, the government will recommend to the court that prosecution of the bank on the criminal charge be deferred for 12 months, and eventually dismissed with prejudice if the bank fully complies with its obligations. Concurrently, the Office of Thrift Supervision (OTS) and the U.S. Treasury Department's Financial Crimes Enforcement Network (FinCEN) have each assessed a \$10 million civil penalty against BankAtlantic for violations of the Bank Secrecy Act, and both will be deemed satisfied by the payment of the \$10 million forfeiture.

"Banks that fail to adequately know their customers and screen their transactions for suspicious activities can be exploited by international drug cartels, professional money launderers, terrorists and other criminals," said Assistant Attorney General Alice S. Fisher of the Criminal Division. "They also gain an unfair competitive advantage within the financial services industry. BankAtlantic willfully and knowingly ignored its obligations under the Bank Secrecy Act and anti-money laundering requirements for years."

"Banks are the gatekeepers of our financial system and we need their vigilance to protect the integrity of the system. In addition, banks form a critical line of defense in preventing laundered money from getting back into the hands of drug dealers," said DEA Administrator Karen P. Tandy. "Without the vigilance of banks, drug money can slip into the financial system, funding the drug trade and fueling the violence, corruption, and addiction that flow from illicit money. While a weak link at BankAtlantic let this money in, DEA is committed to following it where we often see it lead: right to the pockets of drug kingpins."

The charge filed against BankAtlantic today arose out of transactions conducted by and through BankAtlantic between July 1997 and April 2004. During this time, more than \$50 million in suspicious transactions were conducted through certain accounts at BankAtlantic, including transactions involving more than \$10 million of identified drug proceeds. BankAtlantic failed to detect, identify and report the suspicious transactions in the accounts, as required by the Bank Secrecy Act.

Specifically, an undercover operation by the Drug Enforcement Administration into the laundering of drug proceeds led to the finding that suspected drug money was wire transferred to a handful of accounts at BankAtlantic, managed by a branch manager. Further investigation led to the discovery of other BankAtlantic accounts that were suspected of being used to launder drug money. BankAtlantic admits that it did not identify and report the suspicious activity occurring in these accounts, as required by the Bank Secrecy Act and other regulations.

Under the Bank Secrecy Act, banks are required to establish and maintain an anti-money laundering compliance program that, at a minimum, provides for: internal policies, procedures and controls designed to guard against money laundering; the coordination and monitoring of day-to-day compliance with the Bank Secrecy Act; an ongoing employee training program; and independent testing for compliance conducted by bank personnel or an outside party. Banks are also required to have comprehensive anti-money laundering programs that enable them to identify and report suspicious financial transactions to FinCEN.

“Working together, in cases like this, federal agencies can bring serious and appropriate consequences upon those who recklessly ignore their responsibilities under the Bank Secrecy Act to prevent our financial system from being abused by criminals,” said FinCEN Director Robert W. Werner.

OTS Director John Reich observed that, “the vast majority of insured depository institutions have BSA-compliant anti-money laundering programs in place. Today’s action, however, is a reminder that institutions must remain vigilant to ensure BSA programs and systems are effectively implemented to detect and report potential money laundering activities.”

The BankAtlantic matter was investigated by the Drug Enforcement Administration’s Miami Field Division, Fort Lauderdale District Office, with support and assistance from the Office of Thrift Supervision. The case was prosecuted by Trial Attorneys John W. Sellers and Thomas Pinder of the Criminal Division’s Asset Forfeiture and Money Laundering Section, which is headed by Chief Richard Weber.

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